

## Message Text

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ACTION COME-00

INFO OCT-01 EUR-25 ISO-00 EB-11 CIAE-00 INR-11 NSAE-00

RSC-01 DRC-01 /050 W

----- 048128

R 231430Z AUG 74

FM AMEMBASSY SOFIA

TO SECSTATE WASHDC 8509

INFO AMEMBASSY BRUSSELS

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY PRAGUE

AMEMBASSY ROME

AMEMBASSY WARSAW

USMISSION BERLIN

AMCONSUL ROTTERDAM

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E.O. 11652: NA

TAGS: ETRD, EINV, BU

SUBJECT: US SUBSIDIARIES PARTICIPATION IN INDUSTRIAL COOPERATION  
ARRANGEMENTS

REF: STATE 173905

1. EMBASSY IS UNAWARE OF ANY INDUSTRIAL COOPERATION  
AGREEMENTS (ICA) REACHED BY US FIRMS IN BULGARIA TO DATE.  
BULGARIAN OFFICIALS HAVE EXPRESSED PARTICULAR INTEREST  
IN DEVELOPING SUCH AGREEMENTS IN RECENT MONTHS, BUT NONE  
OF INTERESTED US FIRMS HAS THUS FAR CONCLUDED SUCH AGREE-  
MENT. IN BULGARIAN CONTEXT ICA REFERS PRIMARILY TO FORM OF  
COOPERATION IN WHICH WESTERN FIRM SUPPLIES PLANT EQUIPMENT  
AND EXPERTISE IN EXCHANGE FOR PARTIAL OR FULL PAYMENT  
IN PRODUCTION.

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2. FOLLOWING COMPANIES EXPLORED ICA POSSIBILITIES AND IN SOME CASES BEGAN NEGOTIATIONS IN RECENT MONTHS:

A) KAISER INDUSTRIES, OAKLAND. KAISER HAS SIGNED VERY BROAD MEMORANDUM OF UNDERSTANDING WITH GOB AND HAS ENTERED INTO HIGH-LEVEL NEGOTIATIONS ON NUMBER OF PROJECTS INCLUDING NEW STEEL COMPLEX AND MODERNIZATION OF OLD ONES, ALUMINA EXTRACTION, CEMENT PRODUCTION AND SHIPYARD INSTALLATION. BULGARIA WISHES TO REIMBURSE KAISER BY SELLING UNFINISHED PRODUCTS THROUGH KAISER INTERNATIONAL CONNECTIONS. THE VALUE OF PROJECTS COVERED IN MEMORANDUM OF UNDERSTANDING RUNS INTO BILLIONS OF DOLLARS.

B) AMERICAN CAN CO., GREENWICH, CONNECTICUT. INTERESTED IN SELLING CANNING PROCESSES TO BULGARIAN WITH REPAYMENT IN ALMOST ANY KIND CANNED GOODS.

C) CORN PRODUCTION SYSTEM (CPS) OF ROSEMONT, ILLINOIS OPERATING OUT OF VIENNA OFFICE. CPS SELLS SYSTEMS FOR CORN PRODUCTION AND IS WILLING TO PURCHASE ALL CORN AVAILABLE IN RETURN. IT HAS ALREADY ESTABLISHED SUCCESSFUL PROJECT IN HUNGARY.

D) THE A. EPSTEIN COMPANIES, CHICAGO, ILLINOIS OPERATING OUT OF PARIS AND WARSAW BRANCHES. IS NEGOTIATING FOR SALE OF A \$50 MILLION MEAT PACKING PLANT AND FEED MILL OPERATION. EPSTEIN HAS ARRANGED FOR NEW YORK IMPORTER TO PURCHASE ALL PORK PRODUCT THE PLANT CAN PRODUCE.

E) ESSO EXPLORATION, HOUSTON, TEXAS. DISCUSSING WITH GOB POSSIBILITY OF EXPLORATION AND EXPLOITATION OF BLACK SEA OIL RESERVES IN EXCHANGE FOR PART OF PRODUCT.

F) NORMAN GOLDSTEIN ASSOCIATES, HICKSVILLE, N.Y. INTERESTED IN PURCHASING BULGARIAN PLATE GLASS, AND TO DO SO THE COMPANY ENTERED INTO NEGOTIATIONS TO SUPPLY BULGARIAN OPERATIONS WITH GLASS-CUTTING MACHINERY.

G) R.A. HANSON, WASHINGTON STATE. ENTERED INTO NEGOTIATIONS ABOUT POSSIBLE ICA TO SUPPLY EARTH MOVING EQUIPMENT FOR THIRD-COUNTRY PROJECTS.

H) KEMIN EUROPA, HERENTALS, BELGIUM, SUBSIDIARY OF KEMIN IN DES MOINES, IOWA. NEGOTIATING FOR LICENSING OF EQUIPMENT TO BULGARIAN FOR PRODUCTION OF CHEMICALS WITH HIGH PROTEIN CONTENT TO BE USED IN ANIMAL FEED. NEGOTIATIONS APPARENTLY INCLUDED DISCUSSION OF REPAYMENT WITH LIMITED OFFICIAL USE

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PRODUCTION. ANDERSON IBEC OF STRONGVILLE, OHIO WOULD BE SUPPLIERS OF EQUIPMENT.

I) PHILLIPS PETROLEUM OF BARTLETSVILLE, OKLAHOMA OPERATING THROUGH OFFICES IN VIENNA, BRUSSELS AND LONDON. INTERESTED IN LICENSING FOR CONSTRUCTION OF \$60 MILLION POLYPROPYLENE PLANT AND WOULD TAKE PART OF PRODUCTION. PHILLIPS HAS ALSO DISCUSSED POSSIBILITY OF BLACK SEA OIL EXPLORATION AND EXPLOITATION WITH PAYMENT IN PRODUCT.

J) POWEL MANUFACTURING, CHARLOTTE, N.C. HAS BEEN INVESTIGATING POSSIBILITY OF LICENSING AGREEMENT, WITH INDUSTRIAL COOPERATION OVERTONES, FOR PRODUCTION OF TOBACCO PROCESSING EQUIPMENT IN BULGARIA AND OTHER CEMA COUNTRIES.

K) SCIENTIFIC DESIGN COMPANY, OPERATING OUT OF LONDON, HAS BEEN DISCUSSING CONTACT FOR ENGINEERING \$30 MILLION CHEMICAL PLANT PROJECT, WITH PAYMENT DERIVED FROM PRODUCT OF THE PLANT.

L) TEXAS PACIFIC OIL CO., DALLAS. THIS ORGANIZATION HAS CONTRACTED WITH GOB TO STUDY POSSIBILITY OF EXPANDING OIL PRODUCTION AT GIGAN FIELDS IN DANUBE BASIN. THE OIL IS HEAVY AND HAS HIGH SULPHUR CONTENT WHICH REQUIRES SECONDARY AND TERTIARY REFINING PROCESS; TEXAS PACIFIC HOPED TO HAVE INSIDE POSITION FOR SUPPLY SUCH EQUIPMENT IN EXCHANGE FOR REFINED PRODUCT.

M) VICKERS, SUBSIDIARY OF SPERRY RAND, FROM OFFICE IN VIENNA. INTERESTED IN BUYING HYDROMOTORS FROM BULGARIA WHICH CONDITION SUCH ARRANGEMENTS IN ICA. DISCUSSIONS ARE CONTINUING.

N) JOHNS-MANVILLE HAS GENERAL COOPERATION AGREEMENT WITH BULGARIA AND SCHEDULE HAS BEEN DRAWN UP FOR DISCUSSIONS OF PLANT PROJECTS IN FOLLOWING FIELDS: GLASS FIBERS AND PRODUCTS, ACOUSTICAL TILES, ROOFING, CERAMICS FOR USE IN METALLURGY, AND ASBESTOS CEMENT PANELS FOR INTERIOR AND EXTERIOR USE. QUESTIONS OF REPAYMENT ARE STILL TO BE NEGOTIATED.

O) PHILADELPHIA QUARTZ OF PHILADELPHIA. WOULD SUPPLY EQUIPMENT AND TECHNOLOGY FOR PLANT WHICH WOULD PRODUCE SODIUM METASILICATE FROM BULGARIAN RESERVES OF SODA ASH AND SAND. BULGARIAN AUTHORITIES CLAIM OPPORTUNITIES EXIST FOR ICA INVOLVING MARKETING OF PRODUCT TO EUROPE, NORTH AFRICA, AND MIDDLE EAST.

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3. JOINT VENTURES WITHIN BULGARIA ARE SO BASICALLY AGAINST GOVERNMENT PHILOSOPHY AND POLICY THAT SOME RESPONSIBLE OFFICIALS HAVE DESCRIBED THEM AS "UNCONSTITUTIONAL" ALTHOUGH CONSTITUTION SEEMS VAGUE TO US ON SUBJECT. JOINT VENTURES OUTSIDE BULGARIA ARE PERMISSIBLE AND ACTIVELY SOUGHT BY BULGARIAN ENTERPRISES. WE ARE, HOWEVER, UNAWARE OF ANY SPECIFIC US FIRM PARTICIPATION IN SUCH PROJECTS. WE DO KNOW US FIRMS HAVE BEEN APPROACHED ABOUT POSSIBILITY SUPPLYING COOLING SYSTEMS FOR CERTAIN CONSTRUCTIONS PROJECTS IN ARAB COUNTRIES AND AFRICA.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INTERGOVERNMENTAL COOPERATION, JOINT VENTURES, BUSINESS FIRMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 23 AUG 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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**Disposition Event:**  
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**Executive Order:** N/A  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:**  
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**Previous Handling Restrictions:** n/a  
**Reference:** STATE 173905  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 20 MAR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <20 MAR 2002 by shawdg>; APPROVED <15 MAY 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** US SUBSIDIARIES PARTICIPATION IN INDUSTRIAL COOPERATION ARRANGEMENTS  
**TAGS:** ETRD, EINV, BU, XH  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005